



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

A. G. Kawamura, Secretary

December 8, 2006

RE: ANNOUNCEMENT OF MINIMUM PRICES FOR CLASS 1 MARKET MILK

TO ALL INTERESTED PARTIES:

On the reverse side of this page are the minimum prices for Class 1 market milk for January 2007. All prices are f.o.b. milk processing plant. As provided in the Stabilization and Marketing Plans for Market Milk (Plans), milk handlers shall pay producers the minimum prices for market milk components sold or used for all Class 1 purposes as specified on the reverse side of this page. Effective October 1, 2006, the component and hundredweight prices no longer include Milk Producers Security Trust Fund charges.

Equivalent hundredweight prices shown in the right-hand column are based upon milk that is 3.5% fat and 8.7% solids-not-fat (SNF). These classified minimum prices that processors must pay for milk received from producers are calculated based upon mathematical formulas. The formulas are established and amended as needed through a public hearing process. These formulas include commercial prices for manufactured dairy products (butter, Cheddar cheese and nonfat dry milk). These commercial prices are also listed on the reverse side of this page.

You can access class price information over the Internet on the Department's dairy homepage at <http://www.cdfa.ca.gov/dairy>. From the main menu, select the [Dairy Prices] link and then the [Minimum Class Price Letters] link. Once there, be sure to make a bookmark for future reference. Current class price information is also available on a recorded message. Please call (800) 503-3490 to hear the recording. If you are calling from Sacramento, or from outside of California, please call (916) 442-MILK.

For more information, please contact us at the telephone number or e-mail address below.

Sincerely,

David K. Ikari, Chief
Dairy Marketing Branch



**MINIMUM PRICES FOR CLASS 1 MARKET MILK
F.O.B. PROCESSING PLANT**

Released: December 8, 2006

CLASS 1:				EQUIVALENT
For January 2007	LB. FAT	LB. SNF	LB. FLUID	PER CWT.
Northern California	\$1.3914	\$0.7974	\$0.0219	\$13.73
Southern California	\$1.3914	\$0.7974	\$0.0250	\$14.00
Statewide Average CWT Price:				
Based Upon Production				\$13.76
Based Upon Utilization				\$13.88

COMMODITY MARKET PRICES:	\$ PER LB.
Chicago Mercantile Exchange Grade AA Butter - Daily Simple Average (November 26th to December 10th)	\$1.2595
Chicago Mercantile Exchange Block Cheddar Cheese - Daily Simple Average (November 26th to December 10th)	\$1.3410
California Extra Grade & Grade A Nonfat Dry Milk - (For Weeks Ending November 24th and December 1st)	\$0.9572

COMMODITY REFERENCE PRICE FOR January CLASS 1 PRICING: \$13.5343

As of October 1, 2006, component and hundredweight prices NO LONGER include Milk Producer Security Trust Fund charges.

The February 2007 Class 1 prices will be announced no later than 4:00 p.m. on January 22, 2007.
February and March 2007 Class 2 and 3 prices will be announced no later than 4:00 p.m. February 1, 2007.
December 2006 Class 4a and 4b prices will be announced no later than 4:00 p.m. January 2, 2007.